

**SHB 1020** - S AMD 600

By Senators Poulsen and Morton

ADOPTED 4/15/05

1 On page 1, line 5, strike everything after the enacting clause and  
2 insert the following:

3 "NEW SECTION. **Sec. 1.** A new section is added to read as follows:

4 (1) There is hereby created the interconnection technical advisory  
5 group.

6 (a) Membership of the group shall consist of one member from each  
7 of the investor-owned utilities in the state, one member representing  
8 small public utility districts, one member representing large public  
9 utility districts, one member representing small municipal electric  
10 utilities, one member representing large municipal electric utilities,  
11 one member representing electric cooperative utilities, one member each  
12 representing industrial customers of an investor owned utilities and  
13 consumer owned utilities. The members representing public utility  
14 districts, municipal utilities, electric cooperatives, and industrial  
15 customers shall each be appointed by their respective statewide  
16 associations.

17 (b) The group shall elect a chair from among its members.

18 (c) Additional nonvoting ex officio members may participate at no  
19 cost to the state.

20 (d) Members of the group shall serve without compensation.

21 (2) The group must review and study technical, engineering,  
22 operational, safety, liability, and procedural issues, and for  
23 investor-owned utilities regulatory issues, related to interconnecting  
24 customer-generator facilities for all utilities operating or serving  
25 customers in the state.

26 (3) By August 30, 2006, the group must establish, by majority  
27 agreement, recommendations for the items specified in subsection (2) of  
28 this section. The group must submit the recommendations to the  
29 appropriate committees of the legislature.

30 (4) For the purposes of this section, the following definitions  
31 apply.

1 (a) "Consumer-owned utility" means a municipal electric utility  
2 formed under Title 35 RCW, a public utility district formed under Title  
3 54 RCW, an irrigation district formed under chapter 87.03 RCW, a  
4 cooperative formed under chapter 23.86 RCW, or a mutual corporation or  
5 association formed under chapter 24.06 RCW, that is engaged in the  
6 business of distributing electricity to more than one retail electric  
7 customer in the state.

8 (b) "Customer-generator" means a residential, commercial, or  
9 industrial customer that generates electricity, including but not  
10 limited to a customer-generator as defined in RCW 80.60.010.

11 (c) "Customer-generator facility" means the equipment used by a  
12 customer-generator to generate, manage, and monitor electricity. A  
13 customer-generator facility includes an electric generator and/or an  
14 equipment package.

15 (d) "Electric cooperative" means a cooperative or association  
16 organized under chapter 23.86 or 24.06 RCW.

17 (e) "Electric distribution system" means the infrastructure  
18 constructed and maintained by an electric utility to deliver electric  
19 service to end-users.

20 (f) "Equipment package" means a group of components connecting an  
21 electric generator with an electric distribution system, and includes  
22 all interface equipment including switchgear, inverters, or other  
23 interface devices. An equipment package may include an integrated  
24 generator or electric source.

25 (g) "Interconnection" means the connection of a customer-generator  
26 facility to the electric distribution system, as well as the ongoing  
27 operation of the customer-generator facility after it is connected to  
28 the system.

29 (h) "Investor-owned utility" means a company owned by investors  
30 that meets the definition of electrical company in RCW 80.04.010 and is  
31 engaged in distributing electricity to more than one retail electric  
32 customer in the state.

33 (i) "Municipal electric utility" means a city or town that owns or  
34 operates an electric utility authorized by chapter 35.92 RCW.

35 (j) "Public utility district" means a district authorized by  
36 chapter 54.04 RCW.

37 NEW SECTION. **Sec. 2.** The legislature finds that the use of  
38 renewable energy resources generated from local sources such as solar

1 and wind power benefit our state by reducing the load on the state's  
2 electric energy grid, by providing nonpolluting sources of electricity  
3 generation, and by the creation of jobs for local industries that  
4 develop and sell renewable energy products and technologies.

5 The legislature finds that Washington state has become a national  
6 and international leader in the technologies related to the solar  
7 electric markets. The state can support these industries by providing  
8 incentives for the purchase of locally made renewable energy products.  
9 Locally made renewable technologies benefit and protect the state's  
10 environment. The legislature also finds that the state's economy can  
11 be enhanced through the creation of incentives to develop additional  
12 renewable energy industries in the state.

13 The legislature intends to provide incentives for the greater use  
14 of locally created renewable energy technologies, support and retain  
15 existing local industries, and create new opportunities for renewable  
16 energy industries to develop in Washington state.

17 NEW SECTION. **Sec. 3.** The definitions in this section apply  
18 throughout this chapter unless the context clearly requires otherwise.

19 (1) "Customer-generated electricity" means the alternating current  
20 electricity that is generated from a renewable energy system located on  
21 an individual's, businesses', or local government's real property that  
22 is also provided electricity generated by a light and power business.  
23 A system located on a leasehold interest does not qualify under this  
24 definition. "Customer-generated electricity" does not include  
25 electricity generated by a light and power business with greater than  
26 one thousand megawatt hours of annual sales or a gas distribution  
27 business.

28 (2) "Economic development kilowatt-hour" means the actual kilowatt-  
29 hour measurement of customer-generated electricity multiplied by the  
30 appropriate economic development factor.

31 (3) "Photovoltaic cell" means a device that converts light directly  
32 into electricity without moving parts.

33 (4) "Renewable energy system" means a solar energy system, an  
34 anaerobic digester as defined in RCW 82.08.900, or a wind generator  
35 used for producing electricity.

36 (5) "Solar energy system" means any device or combination of  
37 devices or elements that rely upon direct sunlight as an energy source  
38 for use in the generation of electricity.

1 (6) "Solar inverter" means the device used to convert direct  
2 current to alternating current in a photovoltaic cell system.

3 (7) "Solar module" means the smallest nondivisible self-contained  
4 physical structure housing interconnected photovoltaic cells and  
5 providing a single direct current electrical output.

6 NEW SECTION. **Sec. 4.** (1) Any individual, business, or local  
7 governmental entity, not in the light and power business or in the gas  
8 distribution business, may apply to the light and power business  
9 serving the situs of the system, each fiscal year beginning on July 1,  
10 2005, for an investment cost recovery incentive for each kilowatt-hour  
11 from a customer-generated electricity renewable energy system installed  
12 on its property. No incentive may be paid for kilowatt-hours generated  
13 before July 1, 2005, or after June 30, 2015.

14 (2)(a) Before submitting for the first time the application for the  
15 incentive allowed under this section, the applicant shall submit to the  
16 department of revenue and to the climate and rural energy development  
17 center at the Washington State University, established under RCW  
18 28B.30.642, a certification in a form and manner prescribed by the  
19 department that includes, but is not limited to, the following  
20 information:

21 (i) The name and address of the applicant and location of the  
22 renewable energy system;

23 (ii) The applicant's tax registration number;

24 (iii) That the electricity produced by the applicant meets the  
25 definition of "customer-generated electricity" and that the renewable  
26 energy system produces electricity with:

27 (A) Any solar inverters and solar modules manufactured in  
28 Washington state;

29 (B) A wind generator powered by blades manufactured in Washington  
30 state;

31 (C) A solar inverter manufactured in Washington state;

32 (D) A solar module manufactured in Washington state; or

33 (E) Solar or wind equipment manufactured outside of Washington  
34 state;

35 (iv) That the electricity can be transformed or transmitted for  
36 entry into or operation in parallel with electricity transmission and  
37 distribution systems;

1 (v) The date that the renewable energy system received its final  
2 electrical permit from the applicable local jurisdiction.

3 (b) Within thirty days of receipt of the certification the  
4 department of revenue shall advise the applicant in writing whether the  
5 renewable energy system qualifies for an incentive under this section.  
6 The department may consult with the climate and rural energy  
7 development center to determine eligibility for the incentive. System  
8 certifications and the information contained therein are subject to  
9 disclosure under RCW 82.32.330(3)(m).

10 (3)(a) By August 1st of each year application for the incentive  
11 shall be made to the light and power business serving the situs of the  
12 system by certification in a form and manner prescribed by the  
13 department that includes, but is not limited to, the following  
14 information:

15 (i) The name and address of the applicant and location of the  
16 renewable energy system;

17 (ii) The applicant's tax registration number;

18 (iii) The date of the letter from the department of revenue stating  
19 that the renewable energy system is eligible for the incentives under  
20 this section;

21 (iv) A statement of the amount of kilowatt-hours generated by the  
22 renewable energy system in the prior fiscal year.

23 (b) Within sixty days of receipt of the incentive certification the  
24 light and power business serving the situs of the system shall notify  
25 the applicant in writing whether the incentive payment will be  
26 authorized or denied. The business may consult with the climate and  
27 rural energy development center to determine eligibility for the  
28 incentive payment. Incentive certifications and the information  
29 contained therein are subject to disclosure under RCW 82.32.330(3)(m).

30 (c)(i) Persons receiving incentive payments shall keep and  
31 preserve, for a period of five years, suitable records as may be  
32 necessary to determine the amount of incentive applied for and  
33 received. Such records shall be open for examination at any time upon  
34 notice by the light and power business that made the payment or by the  
35 department. If upon examination of any records or from other  
36 information obtained by the business or department it appears that an  
37 incentive has been paid in an amount that exceeds the correct amount of  
38 incentive payable, the business may assess against the person for the  
39 amount found to have been paid in excess of the correct amount of

1 incentive payable and shall add thereto interest on the amount.  
2 Interest shall be assessed in the manner that the department assesses  
3 interest upon delinquent tax under RCW 82.32.050.

4 (ii) If it appears that the amount of incentive paid is less than  
5 the correct amount of incentive payable the business may authorize  
6 additional payment.

7 (4) The investment cost recovery incentive may be paid fifteen  
8 cents per economic development kilowatt-hour unless requests exceed the  
9 amount authorized for credit to the participating light and power  
10 business. For the purposes of this section, the rate paid for the  
11 investment cost recovery incentive may be multiplied by the following  
12 factors:

13 (a) For customer-generated electricity produced using solar modules  
14 manufactured in Washington state, two and four-tenths;

15 (b) For customer-generated electricity produced using a solar or a  
16 wind generator equipped with an inverter manufactured in Washington  
17 state, one and two-tenths;

18 (c) For customer-generated electricity produced using an anaerobic  
19 digester, or by other solar equipment or using a wind generator  
20 equipped with blades manufactured in Washington state, one; and

21 (d) For all other customer-generated electricity produced by wind,  
22 eight-tenths.

23 (5) No individual, household, business, or local governmental  
24 entity is eligible for incentives for more than two thousand dollars  
25 per year.

26 (6) If requests for the investment cost recovery incentive exceed  
27 the amount of funds available for credit to the participating light and  
28 power business, the incentive payments shall be reduced  
29 proportionately.

30 (7) The climate and rural energy development center at Washington  
31 State University energy program may establish guidelines and standards  
32 for technologies that are identified as Washington manufactured and  
33 therefore most beneficial to the state's environment.

34 (8) The environmental attributes of the renewable energy system  
35 belong to the applicant, and do not transfer to the state or the light  
36 and power business upon receipt of the investment cost recovery  
37 incentive.

1        NEW SECTION.    **Sec. 5.**    (1) A light and power business shall be  
2 allowed a credit against taxes due under this chapter in an amount  
3 equal to investment cost recovery incentive payments made in any fiscal  
4 year under section 4 of this act. The credit shall be taken in a form  
5 and manner as required by the department. The credit under this  
6 section for the fiscal year shall not exceed twenty-five one-hundredths  
7 of one percent of the businesses' taxable power sales due under RCW  
8 82.16.020(1)(b) or twenty-five thousand dollars, whichever is greater.  
9 The credit may not exceed the tax that would otherwise be due under  
10 this chapter. Refunds shall not be granted in the place of credits.  
11 Expenditures not used to earn a credit in one fiscal year may not be  
12 used to earn a credit in subsequent years.

13        (2) For any business that has claimed credit for amounts that  
14 exceed the correct amount of the incentive payable under section 4 of  
15 this act, the amount of tax against which credit was claimed for the  
16 excess payments shall be immediately due and payable. The department  
17 shall assess interest but not penalties on the taxes against which the  
18 credit was claimed. Interest shall be assessed at the rate provided  
19 for delinquent excise taxes under chapter 82.32 RCW, retroactively to  
20 the date the credit was claimed, and shall accrue until the taxes  
21 against which the credit was claimed are repaid.

22        (3) The right to earn tax credits under this section expires June  
23 30, 2016. Credits may not be claimed after June 30, 2017.

24        NEW SECTION.    **Sec. 6.**    (1) Using existing sources of information,  
25 the department shall report to the house appropriations committee, the  
26 house committee dealing with energy issues, the senate committee on  
27 ways and means, and the senate committee dealing with energy issues by  
28 December 1, 2013. The report shall measure the impacts of sections 2  
29 through 5 this act, including the total number of solar energy system  
30 manufacturing companies in the state, any change in the number of solar  
31 energy system manufacturing companies in the state, and, where  
32 relevant, the effect on job creation, the number of jobs created for  
33 Washington residents, and such other factors as the department selects.

34        (2) The department shall not conduct any new surveys to provide the  
35 report in subsection (1) of this section.

36        NEW SECTION.    **Sec. 7.**    Sections 2 through 5 of this act are each  
37 added to chapter 82.16 RCW.

1 NEW SECTION. **Sec. 8.** The legislature finds that the welfare of the  
2 people of the state of Washington is positively impacted through the  
3 encouragement and expansion of key growth industries in the state. The  
4 legislature further finds that targeting tax incentives to focus on key  
5 growth industries is an important strategy to enhance the state's  
6 business climate.

7 A recent report by the Washington State University energy program  
8 recognized the solar electric industry as one of the state's important  
9 growth industries. It is of great concern that businesses in this  
10 industry have been increasingly expanding and relocating their  
11 operations elsewhere. The report indicates that additional incentives  
12 for the solar electric industry are needed in recognition of the unique  
13 forces and issues involved in business decisions in this industry.

14 Therefore, the legislature intends to enact comprehensive tax  
15 incentives for the solar electric industry that address activities of  
16 the manufacture of these products and to encourage these industries to  
17 locate in Washington. Tax incentives for the solar electric industry  
18 are important in both retention and expansion of existing business and  
19 attraction of new businesses, all of which will strengthen this growth  
20 industry within our state, will create jobs, and will bring many  
21 indirect benefits to the state.

22 NEW SECTION. **Sec. 9.** A new section is added to chapter 82.04 RCW  
23 to read as follows:

24 (1) Beginning October 1, 2005, upon every person engaging within  
25 this state in the business of manufacturing solar energy systems using  
26 photovoltaic modules, or silicon components of such systems; as to such  
27 persons the amount of tax with respect to such business shall, in the  
28 case of manufacturers, be equal to the value of the product  
29 manufactured, or in the case of processors for hire, be equal to the  
30 gross income of the business, multiplied by the rate of 0.2904 percent.

31 (2) Beginning October 1, 2005, upon every person engaging within  
32 this state in the business of making sales at wholesale of solar energy  
33 systems using photovoltaic modules, or silicon components of such  
34 systems, manufactured by that person; as to such persons the amount of  
35 tax with respect to such business shall be equal to the gross proceeds  
36 of sales of the solar energy systems using photovoltaic modules  
37 multiplied by the rate of 0.2904 percent.

1 (3) The definitions in this subsection apply throughout this  
2 section.

3 (a) "Module" means the smallest nondivisible self-contained  
4 physical structure housing interconnected photovoltaic cells and  
5 providing a single direct current electrical output.

6 (b) "Photovoltaic cell" means a device that converts light directly  
7 into electricity without moving parts.

8 (c) "Solar energy system" means any device or combination of  
9 devices or elements that rely upon direct sunlight as an energy source  
10 for use in the generation of electricity.

11 (4) This section expires June 30, 2014.

12 **Sec. 10.** RCW 82.04.440 and 2004 c 174 s 5 and 2004 c 24 s 7 are  
13 each reenacted and amended to read as follows:

14 (1) Every person engaged in activities which are within the purview  
15 of the provisions of two or more of sections RCW 82.04.230 to  
16 82.04.298, inclusive, shall be taxable under each paragraph applicable  
17 to the activities engaged in.

18 (2) Persons taxable under RCW 82.04.2909(2), 82.04.250, 82.04.270,  
19 section 9(2) of this act, or 82.04.260 (4) or (13) with respect to  
20 selling products in this state shall be allowed a credit against those  
21 taxes for any (a) manufacturing taxes paid with respect to the  
22 manufacturing of products so sold in this state, and/or (b) extracting  
23 taxes paid with respect to the extracting of products so sold in this  
24 state or ingredients of products so sold in this state. Extracting  
25 taxes taken as credit under subsection (3) of this section may also be  
26 taken under this subsection, if otherwise allowable under this  
27 subsection. The amount of the credit shall not exceed the tax  
28 liability arising under this chapter with respect to the sale of those  
29 products.

30 (3) Persons taxable under RCW 82.04.240 or 82.04.260(1)(b) shall be  
31 allowed a credit against those taxes for any extracting taxes paid with  
32 respect to extracting the ingredients of the products so manufactured  
33 in this state. The amount of the credit shall not exceed the tax  
34 liability arising under this chapter with respect to the manufacturing  
35 of those products.

36 (4) Persons taxable under RCW 82.04.230, 82.04.240, 82.04.2909(1),  
37 section 9(1) of this act, or 82.04.260 (1), (2), (4), (6), or (13) with  
38 respect to extracting or manufacturing products in this state shall be

1 allowed a credit against those taxes for any (i) gross receipts taxes  
2 paid to another state with respect to the sales of the products so  
3 extracted or manufactured in this state, (ii) manufacturing taxes paid  
4 with respect to the manufacturing of products using ingredients so  
5 extracted in this state, or (iii) manufacturing taxes paid with respect  
6 to manufacturing activities completed in another state for products so  
7 manufactured in this state. The amount of the credit shall not exceed  
8 the tax liability arising under this chapter with respect to the  
9 extraction or manufacturing of those products.

10 (5) For the purpose of this section:

11 (a) "Gross receipts tax" means a tax:

12 (i) Which is imposed on or measured by the gross volume of  
13 business, in terms of gross receipts or in other terms, and in the  
14 determination of which the deductions allowed would not constitute the  
15 tax an income tax or value added tax; and

16 (ii) Which is also not, pursuant to law or custom, separately  
17 stated from the sales price.

18 (b) "State" means (i) the state of Washington, (ii) a state of the  
19 United States other than Washington, or any political subdivision of  
20 such other state, (iii) the District of Columbia, and (iv) any foreign  
21 country or political subdivision thereof.

22 (c) "Manufacturing tax" means a gross receipts tax imposed on the  
23 act or privilege of engaging in business as a manufacturer, and  
24 includes (i) the taxes imposed in RCW 82.04.240, 82.04.2909(1), ((and))  
25 82.04.260 (1), (2), (4), and (13), and section 9(1) of this act; and  
26 (ii) similar gross receipts taxes paid to other states.

27 (d) "Extracting tax" means a gross receipts tax imposed on the act  
28 or privilege of engaging in business as an extractor, and includes the  
29 tax imposed in RCW 82.04.230 and similar gross receipts taxes paid to  
30 other states.

31 (e) "Business", "manufacturer", "extractor", and other terms used  
32 in this section have the meanings given in RCW 82.04.020 through  
33 82.04.212, notwithstanding the use of those terms in the context of  
34 describing taxes imposed by other states.

35 NEW SECTION. **Sec. 11.** A new section is added to chapter 82.08 RCW  
36 to read as follows:

37 (1) The tax levied by RCW 82.08.020 shall not apply to charges made  
38 for labor and services rendered in respect to the constructing of

1 investment projects, and tangible personal property that will be  
2 incorporated as an ingredient or component of investment projects  
3 during the course of constructing, either of which is used for the  
4 manufacture of solar energy systems using photovoltaic modules into a  
5 solar energy system or for the manufacture of silicon components of  
6 such systems, located in a rural county. The exemption is available  
7 only when the buyer provides the seller with an exemption certificate  
8 in a form and manner prescribed by the department. The seller shall  
9 retain a copy of the certificate for the seller's files.

10 (2) To be eligible under this section the person must use the  
11 investment project for the manufacturing of solar energy systems using  
12 photovoltaic modules into a solar energy system or silicon components  
13 of such systems for an eight-year period, such period beginning the day  
14 the investment project commences commercial production, or a portion of  
15 tax otherwise due shall be immediately due and payable pursuant to  
16 subsection (3) of this section:

17 (a) Before commencing commercial production at the investment  
18 project, the person must meet with the department to determine the date  
19 on which commercial production commences. This date shall be used  
20 throughout the eight-year period to determine whether any tax is to be  
21 repaid. This information is not subject to the confidentiality  
22 provisions of RCW 82.32.330.

23 (b) No application is necessary for the tax exemption. The person  
24 is subject to all the requirements of chapter 82.32 RCW. A person  
25 taking the exemption under this section must report as required under  
26 section 15 of this act.

27 (3) If the investment project is not used for manufacturing solar  
28 energy systems using photovoltaic modules or silicon components of such  
29 systems for any one calendar year, one-eighth of the exempt sales and  
30 use taxes shall be due and payable by April 1st of the following year.  
31 The department shall assess interest, but not penalties, on the taxes  
32 for which the person is not eligible. The interest shall be assessed  
33 at the rate provided for delinquent excise taxes under this chapter,  
34 retroactively to the date the exemption was claimed, and shall accrue  
35 until the taxes for which the exemption was claimed are repaid.

36 (4) The definitions in this subsection apply throughout this  
37 section.

1 (a) "Commencement of commercial production" is deemed to have  
2 occurred when the equipment and process qualifications in the  
3 investment project are completed and production for sale has begun.

4 (b) "Investment project" means an investment in qualified buildings  
5 or qualified machinery and equipment, including labor and services  
6 rendered in the planning, installation, and construction of the  
7 project. An investment project does not include any portion of an  
8 investment project undertaken by a light and power business as defined  
9 in RCW 82.16.010(5), other than that portion of a cogeneration project  
10 that is used to generate power for consumption within the manufacturing  
11 site of which the cogeneration project is an integral part.

12 (c) "Manufacturing" means the same as defined in RCW 82.04.120.

13 (d) "Qualified buildings" means construction of new structures  
14 including parking facilities, and expansion or renovation of existing  
15 structures, for the purpose of increasing floor space or production  
16 capacity used for manufacturing, including plant offices and warehouses  
17 or other facilities for the storage of raw material or finished goods  
18 if such facilities are an essential or an integral part of a factory,  
19 mill, or plant, used for manufacturing. If a building is used partly  
20 for manufacturing and partly for other purposes, the applicable tax  
21 exemption shall be determined by apportionment of the costs of  
22 construction under rules adopted by the department.

23 (e) "Qualified machinery and equipment" means all new industrial  
24 fixtures, equipment, and support facilities that are an integral and  
25 necessary part of a manufacturing operation. "Qualified machinery and  
26 equipment" includes manufacturing components such as belts, pulleys,  
27 shafts, and moving parts; molds, tools, and dies; operating structures;  
28 and all equipment used to control or operate the machinery.

29 (f) "Rural county" means a county with a population density of  
30 fewer than four persons per square mile.

31 (g) "Solar energy system" has the same meaning as provided in  
32 section 9 of this act.

33 (5) No exemption may be taken after June 30, 2014, however all of  
34 the eligibility criteria and limitations are applicable to any  
35 exemptions claimed before that date.

36 (6) This section expires June 30, 2014.

37 NEW SECTION. **Sec. 12.** A new section is added to chapter 82.12 RCW  
38 to read as follows:

1 (1) The provisions of this chapter do not apply with respect to the  
2 use of tangible personal property that will be incorporated as an  
3 ingredient or component of investment projects, either of which is used  
4 for the manufacture of solar energy systems using photovoltaic modules  
5 into a solar energy system or for the manufacture of silicon components  
6 of such systems, located in a rural county, as defined in section 11 of  
7 this act, during the course of constructing such investment projects or  
8 to labor and services rendered in respect to installing, during the  
9 course of constructing, building fixtures not otherwise eligible for  
10 the exemption under RCW 82.08.02565(2)(b).

11 (2) The eligibility requirements, conditions, and definitions in  
12 section 11 of this act apply to this section.

13 (3) No exemption may be taken after June 30, 2014, however all of  
14 the eligibility criteria and limitations are applicable to any  
15 exemptions claimed before that date.

16 (4) This section expires June 30, 2014.

17 NEW SECTION. **Sec. 13.** A new section is added to chapter 82.04 RCW  
18 to read as follows:

19 (1) Subject to the limits and provisions of this section, a credit  
20 is authorized against the tax otherwise due under section 9 of this act  
21 for each full-time employment position created by persons engaged in  
22 the business of manufacturing solar energy systems using photovoltaic  
23 modules into a solar energy system or the of manufacturing silicon  
24 components of such systems. For the purposes of this section "solar  
25 energy system" has the same meaning as provided in section 9 of this  
26 act.

27 (2)(a) The credit under this section shall equal three thousand  
28 dollars for each full-time employment position used in manufacturing  
29 process that takes place in investment projects exempt from sales and  
30 use tax under sections 11 and 12 of this act. A credit is earned for  
31 the calendar year a person fills a position. Additionally a credit is  
32 earned for each year the position is maintained over the subsequent  
33 consecutive years, up to eight years. Those positions that are not  
34 filled for the entire year are eligible for fifty percent of the credit  
35 if filled less than six months, and the entire credit if filled six  
36 months or more.

37 (b) To qualify for the credit, the manufacturing activity of the  
38 person must be conducted at an investment project that qualifies for

1 the exemption from sales and use tax under sections 11 and 12 of this  
2 act.

3 (3) No application is necessary for the tax credit. The person is  
4 subject to all of the requirements of chapter 82.32 RCW. In no case  
5 may a credit earned during one calendar year be carried over to be  
6 credited against taxes incurred in a subsequent calendar year. No  
7 refunds may be granted for credits under this section.

8 (4) If at any time the department finds that a person is not  
9 eligible for tax credit under this section, the amount of taxes for  
10 which a credit has been claimed shall be immediately due. The  
11 department shall assess interest, but not penalties, on the taxes for  
12 which the person is not eligible. The interest shall be assessed at  
13 the rate provided for delinquent excise taxes under chapter 82.32 RCW,  
14 shall be retroactive to the date the tax credit was taken, and shall  
15 accrue until the taxes for which a credit has been used are repaid.

16 (5) A person taking the credit under this section must report under  
17 section 15 of this act.

18 (6) Credits may be taken after July 1, 2005, for those investment  
19 projects at which commercial production began before June 30, 2014,  
20 subject to all of the eligibility criteria and limitations of this  
21 section.

22 (7) This section expires June 30, 2014.

23 NEW SECTION. **Sec. 14.** A new section is added to chapter 84.36 RCW  
24 to read as follows:

25 (1) Machinery and equipment exempt under RCW 82.08.02565 or  
26 82.12.02565 used exclusively in the manufacture of solar energy systems  
27 using photovoltaic modules into a solar energy system or the  
28 manufacture of silicon components of such systems, at an investment  
29 project exempt from sales and use tax under sections 11 and 12 of this  
30 act are exempt from property taxation. "Solar energy system" has the  
31 same meaning as provided in section 9 of this act.

32 (2) A person seeking this exemption must make application to the  
33 county assessor, on forms prescribed by the department.

34 (3) This section is effective for taxes levied for collection one  
35 year after the effective date of this section and thereafter.

36 (4) This section expires December 31, 2014, for taxes levied for  
37 collection in the following year.

1           NEW SECTION.   **Sec. 15.** A new section is added to chapter 82.32 RCW  
2 to read as follows:

3           (1) The legislature finds that accountability and effectiveness are  
4 important aspects of setting tax policy. In order to make policy  
5 choices regarding the best use of limited state resources the  
6 legislature needs information on how a tax incentive is used.

7           (2)(a) A person who reports taxes under section 9 of this act shall  
8 make an annual report to the department detailing employment, wages,  
9 and employer-provided health and retirement benefits per job at the  
10 manufacturing site. The report shall not include names of employees.  
11 The report shall also detail employment by the total number of full-  
12 time, part-time, and temporary positions. The first report filed under  
13 this subsection shall include employment, wage, and benefit information  
14 for the twelve-month period immediately before first use of a  
15 preferential tax rate under section 9 of this act. The report is due  
16 by March 31st following any year in which a preferential tax rate under  
17 section 9 of this act is used. This information is not subject to the  
18 confidentiality provisions of RCW 82.32.330.

19           (b) If a person fails to submit an annual report under (a) of this  
20 subsection, the department shall declare the amount of taxes reduced  
21 for the previous calendar year to be immediately due and payable.  
22 Excise taxes payable under this subsection are subject to interest, but  
23 not penalties, at the rate provided for delinquent taxes, as provided  
24 under this chapter. The department shall assess interest,  
25 retroactively to the date the preferential tax rate under section 9 of  
26 this act, was used. The interest shall be assessed at the rate  
27 provided for delinquent excise taxes under this chapter, and shall  
28 accrue until the taxes for which the preferential tax rate was used are  
29 repaid. This information is not subject to the confidentiality  
30 provisions of RCW 82.32.330.

31           NEW SECTION.   **Sec. 16.** (1) Using existing sources of information,  
32 the department shall report to the house appropriations committee, the  
33 house committee dealing with energy issues, the senate committee on  
34 ways and means, and the senate committee dealing with energy issues by  
35 December 1, 2013. The report shall measure the impacts of sections 9  
36 through 14 this act, including the total number of solar energy system  
37 and silicon component manufacturing companies in the state, any change  
38 in the number of solar energy system and silicon component

1 manufacturing companies in the state, and, where relevant, the effect  
2 on job creation, the number of jobs created for Washington residents,  
3 and any other factors the department selects.

4 (2) The department shall not conduct any new surveys to provide the  
5 report in subsection (1) of this section.

6 NEW SECTION. **Sec. 17.** This act is necessary for the immediate  
7 preservation of the public peace, health, or safety, or support of the  
8 state government and its existing public institutions, and takes effect  
9 July 1, 2005."

10 Correct the title.

--- END ---

**EFFECT:** Addresses energy issues relating to interconnection  
standards and renewable energy.